

## **2<sup>nd</sup> 5-YEAR STRATEGIC PLAN (2010-2014)**

### ***“ADFIAP as Community: Inclusive, Involved, Innovative”***

#### **I. Background**

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) is the focal point of the development finance community in the region. Founded in 1976, ADFIAP has currently 100 member-development finance institutions (DFIs), development banks, and other institutions engaged in sustainable development work in 40 countries and territories.

Continuously evolving as its diverse membership track different paths of sustainable development initiatives, ADFIAP has kept pace, and in some instances, even leapfrogged into new areas that fulfill the needs of its ever-expanding constituency. Such key elements of focus and leadership were enshrined in the first 5-year strategic plan (2005-2009) aptly themed, *“More Focused and Prepared to Lead”*.

The first strategic plan had its beginnings in Almaty, Kazakhstan in May, 2004 when the ADFIAP Board revisited and amended the Association’s mission and vision to be relevant to the times. What ensued was a participative planning process that resulted in the eventual approval of the General Assembly of the strategic plan the following year in Suva, Fiji where the 28<sup>th</sup> Annual Meetings of ADFIAP was held. The plan set forth the following five strategic directions:

- Association Membership Development
- Policy Development and Advocacy
- Resource Development and Innovation
- Human Capital Development, Professional Standards and Education
- Support of ADFIAP-affiliated National and Sub-regional DFI Associations and Counterpart Regional Associations Worldwide

With the support and cooperation of ADFIAP members and partners, the plan was hugely successful based on the achievements made vis-à-vis the strategic directions that were set, as the following status report as of November, 2008 will show:

#### **a) Membership Development**

Aim: Expand the membership base and provide the development finance community with regional leadership, collaboration opportunities, value-added services and group benefits responsive to the interests and needs of a broad and diverse membership.

Rationale: A large, strong and progressive membership base as well as the positive experiences of members, through the Association’s meaningful programs and activities, are essential to ADFIAP’s long-term success and sustainability.

**Achievement:** The Board and the general membership took part in an earnest membership drive, participated in a branding process of the Association resulting in a new organizational logo and identity, and actively engaged with same-purposed international organizations to come up with new initiatives and programs.

**Results:**

	2004 <sup>1</sup>	2005	2006	2007	2008
No. of members	52	62	78	88	100
No. of countries represented	25	26	36	37	40
Diversity of membership <sup>2</sup>	SME Banks, housing, agricultural banks	ECAs, MFIs, KBs <sup>3</sup> , credit & guarantee services			Think tanks, consulting cos.
New services <sup>4</sup>	Country host program, corporate governance	Enhanced CEO Forum, new web services, EGS <sup>5</sup> , COP <sup>6</sup> , CG4SD <sup>7</sup>			New IDF8 training programs; ARC9

<sup>1</sup> Prior year to the start of the strategic plan

<sup>2</sup> Type of institutions aside from “traditional” DFIs already members of ADFIAP

<sup>3</sup> Export credit agencies (ECAs), microfinance institutions (MFIs), KBs (commercial banks)

<sup>4</sup> Besides existing activities, i.e., annual meetings, awards, newsletters, etc.

<sup>5</sup> Environmental governance standards (EGS) for DFIs

<sup>6</sup> Compliance officership program (COP)

<sup>7</sup> Corporate governance for sustainable development (CG4SD)

<sup>8</sup> Institute of Development Finance, ADFIAP’s professional career & credentialing center

<sup>9</sup> ADFIAP Responsible Citizenship Programme

**b) Policy Development & Advocacy**

**Aim:** Explore, shape and advance policy and advocacy positions that impact the development finance community as well as improve the membership’s capacity to do the same; build relationship and partnerships with like-minded international development organizations.

**Rationale:** A focused and credible commitment to present issues and trends in the sustainable development arena and ADFIAP’s active engagement with like-minded and respected institutions in this field are crucial actions for the Association in taking a leading role and becoming a partner of choice in the region.

**Achievement:** ADFIAP has developed and communicated to the world its own sustainable development framework, highlighting exceptional economic performance with environmental and social dimensions and with good governance at its core.

**Results:** Recognition of and preference for ADFIAP as a development advocate and partner by the following affiliations:

- NGO in consultative status with the UN’s Economic and Social Council
- Co-Chair, Asia-Pacific Task Force Outreach Group, UN Environment Program’s (UNEP) Finance Initiative
- Member, Advisory Board, Cooperation Dialogue, UN Department on Economic and Social Affairs (UNDESA)
- 2008 Overall Winner and Honorable Mention (Developing Country Category) of the “Associations Make a Better World Award” by the 24,000-member American Society of Association Executives and the Center for Association Excellence for its corporate governance and greening of DFIs projects, respectively.
- Invitations to high-level conferences and forums in the area of environmental banking, sustainable consumption and production, socially-responsible investing and related areas

**c) Resource Development and Innovation**

**Aim:** Maintain, expand and innovate on the pool of financial and partnership resources available to support the operations of the Association and its members, and undertake sustainable development initiatives.

**Rationale:** A financially-healthy and alliance-friendly Association will be able to muster the strength of these resources toward the benefit of its members as well as contribute to the public good.

**Achievement:** ADFIAP has diversified its revenue mix and, as a consequence, has more than doubled its financial resources, putting the Association in a more comfortable level, funding-wise as before. It also doubled its efforts in building solid networks and partnerships internationally, with good multiplier benefits for its stakeholders.

**Results:**

Financial Resources (US\$)

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008*</b>
Surplus Fund	200,915	461,167	621,894	758,301	749,889
Revenues	289,420	567,617	639,508	680,327	465,789
Members dues	188,536	254,490	331,191	337,854	361,386
Grants	35,000	287,387	171,464	156,300	13,700
Others <sup>1</sup>	65,884	46,344	136,853	150,273	90,703

\*Unaudited/Interim figures as of October 31, 2008

<sup>1</sup>Consists of training program fees, rental income, etc.

## Partnership Resources

- United Nations Environment Programme (UNEP) Finance Initiative
- International Trade Centre UNCTAD/WTO (ITC)
- EU-Asia Eco Pro Programme
- InWEnt–Capacity Building International, Germany
- Center for International Private Enterprise, U.S.
- Community Development Finance Association, U.K.
- Association for Overseas Technical Scholarship, Japan
- Center for Sustainable Consumption & Production, Germany
- USAID ECO-Asia, U.S.

### **d) Human Capital Development, Professional Standards and Education**

Aim: Advance the development finance sector by establishing standards, credentials and core competencies; improving the skills and prominence of development banking practitioners; recruiting and retaining talented and committed individuals in the industry.

Rationale: A professional, skilled and multi-disciplinary human resource backed-up by a credible continuous learning and credentialing program provided by ADFIAP is a vital component of its members' organizational success and sustainability.

Achievement: The re-direction of policy and activities and scaling up of ADFIAP's *Institute of Development Finance* (IDF) has been set, with a present three-level credentialing program for the professionalization and career-pathing of members' corps of officers and staff as well as focusing its training events on the key topics on the sustainable development agenda, including the MDGs, the Monterrey Consensus and the Marrakech Process<sup>1</sup>.

#### Results:

- CORE Development Banking Program: 65 graduates
- Development Bank Management Program: 29 graduates
- Fellow in Development Banking: 3 grantees
- Training Programs:
  - Corporate Governance: 405 trainees in 14 events
  - Environmental Governance: 284 (10)
  - SME Finance: 153 (7)
  - Microfinance: 87 (4)
  - Others<sup>2</sup>: 110 (7)

<sup>1</sup> The Millennium Development Goals (MDGs), the UN's Financing for Development initiative (the Monterrey Consensus), and the UN's sustainable consumption and production program (the Marrakech Process).

<sup>2</sup> Subjects such as risk management, public relations, sustainability reporting

## **e) Support of ADFIAP-affiliated National, Sub-regional DFI Associations & Counterpart Regional Associations Worldwide**

Aim: Preserve and reinforce the role of ADFIAP-affiliated associations in the development finance community in the Asia-Pacific region as well as relate and work with counterpart regional associations worldwide.

Rationale: The bond among members, affiliates and partners in the same community committed to the financing of development is the currency of the Association. Maintaining and invigorating these relationships will make the community even better and stronger in the long term.

Achievement: ADFIAP initiated more contacts and proposed joint initiatives with counterpart associations resulting in co-organized training events, more interaction, and frequent exchanges of information among them.

### Results:

Counterpart associations that ADFIAP relate to are the following:

- Association of African Development Finance Institutions (AADFI)
- Association of Development Finance Institutions in Malaysia (ADFIM)
- Association of Development Finance Institutions in the Pacific (ADFIP)
- Association of European Development Finance Institutions (EDFI)
- Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)
- Latin American Association of Development Financing Institutions (ALIDE)
- World Federation of Development Financing Institutions (WDFDI)
- Association of Development Banks in Eastern Caribbean
- Asian Bankers Association
- ASEAN Bankers Association

## **II. The 2<sup>nd</sup> 5-Year Strategic Plan**

Taking off from the implementation success of the 1<sup>st</sup> 5-year strategic plan, and cognizant of the new challenges and opportunities in today's ever-evolving environment, ADFIAP has deemed to start discussions on the 2<sup>nd</sup> 5-year strategic plan to continue its path to a sustainable future.

### **1. Rationale**

At least four key developments concerning ADFIAP members' status and business environment have emerged since the first 5-year plan was adopted in 2005 – the set-up/revitalization of SME banks by national governments in the region, the increase in the number of universal banking-modeled DFIs, the change in regulatory regime of DFIs and the present global financial crisis.

The focus on small and medium enterprise development and promotion in the region has very compelling reasons – 80% to 90% of Asia-Pacific’s economies are dependent on this sector for source of employment and national growth. Thus, governments have provided impetus and incentives to cater to SMEs and one of these efforts is in providing access to finance for the sector through so-called SME Banks. Thailand, Malaysia, Sri Lanka, Pakistan and the Philippines have SME Banks while the rest have DFIs that also provide SME finance although not called SME Banks as such.

As economies in the region, notably India and China, grow and expand, the need for financial institutions that have a more diversified products and services, are also evident in the ADFIAP membership. The biggest evolution of DFIs to this end is their “conversion” into multi-purpose financial organizations or universal banks. All of the countries mentioned above plus India, Indonesia, Singapore, China, Korea and now Japan have universal banks.

The regulatory regime for DFIs in the region has also undergone changes. In the past, DFIs were regulated and supervised by Ministries of Finance and, in some cases, by ministries which have oversight functions of the sector, e.g. agricultural development banks under the Ministry of Agriculture. While this practice is still in place in some countries, others have put their DFIs under the supervision of Central Banks which are more familiar with commercial banking operations. This situation has raised certain issues on how Central Banks regulate DFIs, especially in monitoring their mandated dual bottom line performance – financial and economic development contribution. While the criteria for financial performance can be comparable to commercial banks, the economic development impact is quite different.

Finally, the on-going global financial crisis has certainly an effect on the role of DFIs. As governments take stock of their available resources and provide stimulus initiatives to dampen the impact of the crisis in their respective areas, DFIs will have to adapt accordingly and use their project finance expertise to contribute to these efforts.

With these four key developments and with the 1<sup>st</sup> 5-year strategic plan comes to its final stretch, ADFIAP is now embarking on a planning process again with the Board and the general membership.

The 2<sup>nd</sup> 5-year strategic plan thus aims to take off from the success of the first plan and with the above-mentioned four key developments in mind. To this end, ADFIAP believes that a strong, cohesive and unified approach to tackling these challenges going forward is to use “community” as its strategy.

## **2. Community as Strategy**

Associations exist because of its members and not the other way around. The members’ sense of community is the essential driver in an Association’s success. The experience of community has four central elements<sup>1</sup> :

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<sup>1</sup> Dr. Sara C. Wedeman, *Community as a Driver for Organizational Success*, ASAE & The Center, “Association Now”, Winter 2006.

- **Membership:** a feeling of belonging or sharing present or potential relatedness. Associations provide a space for people to connect around shared identity and relatedness.
- **Influence:** a sense that one matters and that what one does makes a difference. Associations enact this as voice, in the form of advocacy. People want to know they have influence in the Association, too, that leaders will listen to and value what they have to say.
- **Integration and fulfillment of needs:** confidence that membership in the group will fulfill needs and expectations. Associations accomplish this by providing members with venues for learning, advocacy, and interpersonal exchange.
- **Shared emotional connection:** trust on the part of members that they have shared and will share history or experiences. Although people do not typically join Associations with friendship as a primary goal, the Association membership saves them the trouble and the risk of screening colleagues, assuring the member that another member is “one of us.”

Based on these premises, ADFIAP believes that by using the sense of community among members as well as partners, there will be a far greater rallying point for the Association to continue on with its avowed mission.

For the call for community to work, there are at least three main elements that need to be included – inclusion, involvement and innovation. Thus, the proposed theme for the 2<sup>nd</sup> 5-year strategic plan is “*ADFIAP as Community: Inclusive, Involved, Innovative*”. Each element is explained as follows:

- **Inclusion:** means encouraging members to work in a cooperative, synergistic, and inclusive way. To practice inclusion is to maximize the resources of a diverse membership, leveraging the differences among them, and encouraging participation of all.
- **Involvement:** provides the opportunity for members to participate around a worthwhile and common cause (e.g., advocacy); a new thinking that improves understanding of what works; better practice that supports institutions and peoples; and networking which brings members together.
- **Innovation:** means a new way of doing something. For innovation to occur, something more than the generation of a creative idea or insight is required – the insight must be put into action to make a genuine difference, resulting in new or altered business processes within the Association, or changes in the products and services that it provides.

In this context, the following strategic directions or **SPARK** for ADFIAP that will boost the Association for the next five years:

1. **Sustaining membership**
2. **Promoting advocacy**
3. **Advancing human capital development**
4. **Revvng up resources**
5. **Keeping alliances**

### The 5 Strategic Directions

<p><b>S</b> Sustaining Membership</p> <p>Provide the development banking and finance community with regional leadership, inclusive opportunities, and value-added services and benefits responsive to the interests and needs of a diverse membership.</p>	<p><b>P</b> Promoting Advocacy</p> <p>Engage, shape and advance policy and advocacy positions that impact the development banking and finance community and improve the membership's capacity to do the same.</p>	<p><b>A</b> Advancing Human Capital Development</p> <p>Advance the development banking and finance community by establishing standards, credentials and core competencies; improving the skills and prominence of development banking and finance practitioners; and recruiting and retaining talented and committed individuals in the profession.</p>	<p><b>R</b> Revvng up Resources</p> <p>Innovate and expand the pool of human and financial resources available to support the operations of the Association and its members to undertake their mandated mission.</p>	<p><b>K</b> Keeping Alliances</p> <p>Reinforce and invigorate ADFIAP's relationship and collaboration partnerships with same-purposed organizations in the region and worldwide.</p>
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### 3. The Five Strategic Directions

ADFIAP is committed to becoming the leading catalyst for and “first call” in the development banking and finance community. ADFIAP’s core strategic focus remains the provision of exemplary Association services to its members, constituents and partners. During this strategic planning process, the Board of Directors and Secretariat identified five strategic directions in which ADFIAP has a unique niche and opportunity to bolster the development finance function and institutions. As ADFIAP moves forward into its fourth decade of existence, these five (5) directions will guide the Association as a foremost international association that will strengthen the development banking and finance community, and the constituencies they all serve.

#### 1. Sustaining Membership

Provide the development banking and finance community with regional leadership, inclusive opportunities, and value-added services and benefits responsive to the interests and needs of a diverse membership.

## **2. Promoting Advocacy**

Engage, shape and advance policy and advocacy positions that impact the development banking and finance community and improve the membership's capacity to do the same.

## **3. Advancing Human Capital Development**

Advance the development banking and finance community by establishing standards, credentials and core competencies; improving the skills and prominence of development banking and finance practitioners; and recruiting and retaining talented and committed individuals in the profession.

## **4. Revving up Resources**

Innovate and expand the pool of human and financial resources available to support the operations of the Association and its members to undertake their mandated mission.

## **5. Keeping Alliances**

Reinforce and invigorate ADFIAP's relationship and collaboration partnerships with same-purposed organizations in the region and worldwide.

**Annex A** provides the summary of strategic directions, goals and strategies.